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1 the public binational, local interest.

2 The draft study supposes, almost in good faith,
3 nor mentions that a similar detail professional impact study
4 for the power lines in the Mexican line has been conducted
5 and submitted for public revision and comments. In that
6 same respect, it also fails to mention of the revisions and
7 reequations (phonetic) that have resulted from such
8 initiative. Since this initiative has not been taken place,
9 there are no reequations to that Mexican side of that MIA
10 document.

11 In this respect, I can only comment that any
12 document consultation, copying requests or a evaluation
13 needs still be made directly to Mexico City, not the Energy
14 Commission offices for access have been, in my case, denied.

15 This point in case is fundamental to know because
16 of the limitations and responsibilities of the permit
17 seekers on each of the sides of the border and the social
18 commercial names stated on their respective companies. In
19 any event, if they are responsible as legal entities to
20 confront any given issue or correction of actions against
21 them by the authorities or communities themselves.

22 Again, I thank you for allowing me to speak.
23 Hopefully this time we'll get it right. Hopefully. And I
24 know that it's a -- it is not easy when there is no
25 criteria, there is no legal, constitutional mandates that

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1 will allow parties of the two nations to come together and
2 do a binational evaluation. Not passing by, but
3 incorporating mutually our laws and our environmental
4 criteria that has never be done in the border towns.

5 That could be one of the most strongest
6 suggestions that we could make. We need to work
7 binationally so that if we are to do something right
8 binationally that will benefit the two sides of the border
9 fence, it should be with the undertaking of the two
10 governments doing the same thing in the same place for the
11 same people.

12 Thank you.

13 MR. ANTHONY COMO: Thank you.

14 MS. ELLEN RUSSELL: Carlos, is this the address
15 you want us to use or should we use your Callexico address?

16 MR. CARLOS YRVRETAGOYENA: It is easier for you to
17 send me anything to my P. O. Box, than it would be anything
18 else.

19 MR. ANTHONY COMO: Mr. Bill Powers.

20 MR. BILL POWERS: Bill Powers with the Border
21 Power Plant Working Group. Powers, P-O-W-E-R-S. What else
22 am I supposed to provide? That's it.

23 I think, since we've got -- it's 7:00. I probably
24 need a little more than ten minutes, but not a whole lot
25 more. Maybe 20 minutes or so.

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1 I think what I would like to do is, one, to thank
2 you for having this comment hearing, especially well in
3 advance of the end of the comment period, so if we have
4 additional comments we can still get them in in time. And I
5 think, since I have submitted comments to you already, I
6 would like to give just a brief overview and then just a
7 summary of each one these comments.

8 And my overall impression of the document is that
9 the -- last May and June, many of the people here weren't
10 involved in this, but we had court hearings in San Diego
11 before a federal judge and we got into a lot of the details
12 of this case and we had expert declarations from the DOE,
13 from Sempra, Intergen, from our side, back and forth. My
14 impression really was we were getting into such technical
15 detail at such a level that we are, in fact, doing an EIS as
16 we went through these declarations back and forth. At
17 least, we were providing the framework for doing a really
18 detailed EIS.

19 And my impression from the EIS is that little, if
20 any, of that information from those declarations served as a
21 point of departure from the document. It's almost as if we
22 went back to the period when we were looking at the
23 environmental assessment in the FONSI. And the authors were
24 working off of information from late 2001 without
25 incorporating all of that tremendous amount of good

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1 information that was in there. So that's an overview of the
2 document.

3 We've got 13 comments and some of them are simple
4 and some of them are a little more detailed. And in writing
5 these comments, they are really just in chronological order.
6 How is it that the draft environmental impact statement was
7 written in a certain way, then bang, the first time
8 something is seen, comment.

9 Comment No. 1 is very straightforward: DEIS must
10 explicitly state that the New River flows north into the
11 Salton Sea National Wildlife Refuge so reader understands
12 significance of New River quality issue.

13 Most people here understand the river flows north.
14 Anyone outside the region that would be a surprise. And, I
15 think, that should be front and center. This is going
16 north, it's going into the U.S. If it was going south, we
17 don't care. Not to offend anyone from Mexico, it's just
18 from a U.S. environmental assessment, if it's flowing south,
19 it's in Mexico.

20 The next comment is more substantial: DEIS cites
21 incorrect interpretation of Executive Order 11214 as basis
22 for determining that project impacts in Mexico are outside
23 the scope of the EIS.

24 That's a one-sentence citation in the document.
25 Because the Executive Order from the Carter era was written

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1 that there is -- this is a shield. We don't look at impacts
2 in Mexico. And I did read this order after seeing that, and
3 it's interesting, because it seems that the intent of the
4 order is the exact opposite of that. The order states:
5 This order furthers the purpose of the National
6 Environmental Policy Act. Agencies shall establish
7 procedures taken into consideration in making decisions.
8 Major federal actions significantly affecting the
9 environment of a foreign nation.

10 This is telling us that you're going to do
11 something that could affect a foreign nation. You have to
12 look at what's happening in the foreign nation.

13 It also states: Nothing in this order shall serve
14 to invalidate any existing regulations of any agency, or
15 pursuant to judicial settlement of any case, measures in
16 addition to those provided for herein to further the purpose
17 of the National Environmental Policy Act.

18 Well, this case is under a judicial order, and we
19 are doing this because of a court environment where the
20 judge explicitly said she would like to know what's going on
21 in Mexico. And so in reading that, just reading what's
22 there, it would seem not only is it not justification for
23 not looking at impacts that are occurring in Mexico,
24 pulmonary sickness or water issues, this Executive Order is
25 actually justification for looking at those. Not for

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1 ignoring them.

2 And my recommendation is to leave the reference to
3 Executive Order 11214 as justification for ignoring
4 assessments and include information that was provided to
5 Argonne back in February, which is explicit. It tells you
6 how many cases of asthma, how many cases of other pulmonary
7 sicknesses there are in Mexicali. And it's important to
8 roll Mexicali in, because Mexicali is five times bigger than
9 Imperial County. So you are talking about "X" cases in
10 Imperial County, you're talking about five "Xs" in Mexicali.
11 So it's important information.

12 Next comment: DEIS fails to analyze the preferred
13 parallel wet-dry cooling system alternative.

14 DEIS simply states that dry cooling imposes a 10
15 to 15 percent efficiency penalty on the steam cycle. And
16 the -- obviously, if you've got a big penalty like that, you
17 probably want to stay away from it.

18 But this is where, as a professional engineer, I
19 have a real bone to pick with the DEIS, because that is a
20 misleading statement. The overall efficiency impact of dry
21 cooling is more on the order of 1.5 percent or less. And
22 this is -- we have another project currently in the process
23 of being permitted. Most of these are built, but that's in
24 the process of being permitted, which is Blythe II Power
25 Project, which is referenced in the document, 520 megawatts,

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1 Blythe.

2 The California Energy Commission staff is
3 recommending dry cooling at that site. And they identified
4 in their preliminary decision, they estimate the efficiency
5 impact of dry cooling in Blyth, which is just as hot as
6 Mexicali, is 1.5 percent or less overall. And so at a plant
7 nearby under the same conditions, the California Energy
8 Commission is telling us that the overall efficiency impact
9 is one-tenth or less what is stated in the EIS. Again, for
10 the steam cycle, that means nothing to someone who is a
11 power plant engineer.

12 We did have a scoping period and we submitted
13 scoping comments, and we recommended that the appropriate
14 cooling system here, especially since these wet systems are
15 built, is it be retrofitted parallel with a wet-dry system.
16 And it's spelled out in detail in the scoping comments and
17 the backup papers are provided. And we can provided them,
18 again, with these comments.

19 But that parallel wet-dry cooling is dismissed as
20 using 50 percent of the water of a wet system in the EIS.
21 You could build it that way. I wouldn't recommend doing
22 that. And I would say that since we provided so much
23 specific, detailed information on how you would do it here,
24 that that information needs to be looked at.

25 Recommendation on this is: Incorporate wet-dry

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1 cooling in both of these plants retrofitted to incorporate
2 wet-dry cooling. Make it simple, give the developers, the
3 operators a target. You reduce your water use 90 percent or
4 more from what is currently identified. Consumptive water
5 use is at nearly 11,000 acre-feet a year, which is over
6 three-and-a-half billion gallons a year, the target is
7 90 percent or less reduction. You can use that water
8 whenever you want. If you want to use it at the peak of the
9 summer when it's hot, you can run it as a straight wet
10 system and get maximum megawatts, but you are conserving
11 water at the system.

12 And a couple of the attachments that are provided
13 are, one, a paper written by Hamone (phonetic) Dry Cooling
14 on how you build a wet-dry system to minimize that water
15 use. Two is the one retrofit from wet to wet-dry that's
16 been done in the United States. An excellent paper was
17 given on that a couple years ago at the Dry Cooling
18 Symposium, and that paper is provided as an attachment.
19 That system is probably one-fifth the size of the steam
20 cycle here, but it's an example of how it's done and where
21 it was done and what the cost was like.

22 Next comment, Comment 4: PSD increment analysis
23 significant impact levels are not applicable.

24 This surprised me, because this first comment, in
25 fact, it was identified in our scoping letter to the DOE, is

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1 that the fundamental problem with this whole air quality
2 assessment that has been done to date is, it assumes that
3 Mexicali is kind of a fictitious attainment area. The
4 analysis that's been done by DOC's consultant is toward
5 sources located in an attainment area. It's call:
6 Prevention of Significant Deterioration. It's intent -- in
7 fact, it's quoted in the document. It is for an attainment
8 area. And its intent is to ensure that if you put a source
9 in an attainment area, that you are not making the air
10 considerably worse in that attainment area. Don't use it
11 when the source is in a nonattainment area.

12 And in this document, the DOE, you do cite, you do
13 use Mexicali ambient air quality data. You do show in the
14 appendix that includes that information that it is a
15 nonattainment area by U.S. standards. Obviously, it's not
16 U.S., but if you were applying the Clean Air Act
17 regulations, like the PSD regulation, you got to follow the
18 regs. You can't just pick it and say: Because the PSD
19 format allows these significant levels. We trigger those
20 significant levels, we got to do something to mitigate,
21 offset. We don't trigger the significant levels, we don't
22 have to do anything. The point here is you can't pick and
23 choose. If it's not in an attainment area, you can't use an
24 attainment area standard to judge whether you need to
25 mitigate.

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1 Recommendation to this: Follow the correct
2 application of Clean Air Act requirements and in doing so
3 you will identify that we need NOx and PM-10 offsets for
4 these projects.

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5 Next comment. Straightforward: Include a summary
6 of Mexican Ambient Air Quality standards in the document.
7 Include a summary table. There are -- what's used in the
8 document to provide an indication of air quality is annual
9 average concentrations. And I think, really, what counts is
10 the short-term peaks, that's where all the attainment
11 violations occur. And what the document needs is a summary
12 of the number of days where Mexicali is exceeding these
13 short-term peak standards for ozone and PM-10 and CO.

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14 Next comment, Comment 7, is: DEIS provides no
15 verifiable information on what processes at the these two
16 power plants, these wastewater treatment plants, are
17 removing salinity, removing TDS.

18 This was actually a major issue during the hearing
19 before the judge, and the question was: Claims are being
20 made for a lot of salinity removal, 9 million pounds a year
21 of salinity is being removed in the wastewater treatment
22 plants at InterGen and at Sempra. And the question was:
23 How? With what equipment? How is it being removed? We
24 don't see any indication where you've got a process there
25 that's specifically removing salinity.

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1 And the experts for the companies claimed,
2 correctly, that the salinity going into the treatment plant
3 was approximately 1,200 parts per million, milligrams per
4 liter. And in another declaration the claim was made that
5 the salinity of the treated water coming out of the plant is
6 essentially 1,200 milligrams per liter. Making our case,
7 that we see no process where you are removing the salinity.

8 The company's own personnel and their own experts
9 are validating that they are not removing salinity, yet in
10 the EIS, after we have had all these declarations go back
11 and forth, we get the exact information that we had in the
12 original environmental assessment. We are removing
13 9 million pounds a year of salinity, and you have to accept
14 our word on that. No description of the equipment that's
15 doing it, how it's happening.

16 And this is absolutely fundamental, because one of
17 the reasons, in my opinion, the plants weren't shut down
18 last summer is because of this drumbeat claim again and
19 again and again that major salinity removal is occurring in
20 those wastewater treatment plants convinced the federal
21 judge that these plants needed to keep operating from that
22 clean-up guide. Yet we have expert testimony from the
23 plants, themselves, indicating this isn't happening. So
24 that's an issue that -- it will eventually get sorted out.
25 Hopefully, we will get it sorted out in the final version of

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1 the EIS.

2 The Comment 8: Brine discharges from the plant
3 exceed 4,000 per milligrams per liter salinity the limit
4 prescribed for the Colorado River Basin and that these brine
5 discharges must be mitigated.

6 This is reported in the DEIS, that the salinity
7 discharges or the brine discharges at the river range
8 between 4 and 5,000 milligrams per liter. DEIS, also,
9 identifies that the Colorado River Basin Regional Board has
10 4,000 milligrams per liter ceiling limit for the basin. And
11 in one of the expert declarations provided by one of the
12 plant experts indicated that as the New River reaches its
13 terminus near the Salton Sea, the concentration of the New
14 River is 4 to 5,000 milligrams per liter. So the standards,
15 if we are using that as a benchmark, we have issues with
16 that direct discharge into the river being greater than
17 4,000 mg/l, and issues with the New River, essentially,
18 exceeding 4,000 mg/l before it hits the Salton Sea.

19 And the -- two comments here, at least, as far as
20 recommendations are, it needs to be mitigated. And one
21 effective way to mitigate is eliminate those discharges to
22 the river. And there are -- several plants are cited as, a
23 little later, there's a cumulative impact analysis that
24 includes three plants. It includes Blythe II, which is, as
25 just mentioned, a 520 megawatt plant. How did they get rid

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1 of their wastewater? They send it to evaporation ponds.
2 Not a great plan, but it beats discharging straight to a
3 river.

4 Salton Sea Geothermal Project, they reinject into
5 the geothermal reservoir and eventually use some of that
6 again in the power production.

7 The bottom line is that if this plant -- if these
8 plants were located a couple miles north, they wouldn't be
9 discharging directly into the New River their brine, and
10 that needs to be mitigated. One way to really reduce the
11 amount of mitigation that needs to be done is, again, to
12 incorporate that parallel wet dry-cooling system. If you do
13 that, reduce your wastewater discharge stream by up to
14 90 percent, you've got a lot smaller clean-up to get rid of,
15 a lot smaller wastewater stream to get rid of.

16 So the recommendation: Mitigate wastewater
17 discharges by retrofitting these wet systems to parallel
18 wet-dry systems, and mitigate the remainder by what is known
19 as the zero liquid discharge system. Whatever works. But
20 don't discharge the brine directly to the river.

21 Comment 9: Conformity analysis. This is a little
22 bit of a technical issue, but whenever you have a federal
23 action and a nonattainment area, you have to examine if and
24 how that will impact the area and how you can eventually get
25 it to attainment.

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1 And this is one issue I had with the DEIS, as
2 well, when it looked at the conformity analysis, which is
3 much of the document looks at the economics, looks at the
4 power plants, looks at the emissions, impacts. But when we
5 talk about the conformity analysis, we switch gears again.
6 Now we are just looking at the transmission lines. And we
7 say: Okay, the transmission lines, well, almost no
8 emissions there.

9 But the conformity analysis thresholds are 100
10 tons per year NOx, 100 tons per years PM-10. If you isolate
11 the power plants and they are not in that conformity
12 analysis, you're in great shape because the transmission
13 lines are not emitting anything.

14 And in this case the recommendation is: Include
15 the power plants in that conformity analysis. When you do
16 that, you trigger a conformity analysis without a doubt.
17 You have hundreds of tons of PM-10 and NOx from the plant.

18 And I do want to go ahead and read from the court
19 order, the original one, May 3rd, 2003, and this is from the
20 order, itself. The judge says: Here the scope of the
21 action relates only to the transmission lines, but the
22 nature of the action includes the full scope of the
23 analysis, including the effects of the action. The nature
24 of the action, therefore, includes the importation of power
25 generated in Mexico. Indeed, to leave out the secondary

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1 impacts would be at odds with the purpose of the
2 alternatives analysis, which is to provide a way for an
3 agency to calculate and compare the various predicted
4 effects of alternative courses of action. The analysis
5 would be arbitrary in itself if it did not take into account all
6 the effects of the proposed action.

7 And I think that's an excellent summary of why
8 it's arbitrary when you're looking at the conformity
9 analysis and then to say: All we're dealing with is the
10 transmission line and we won't include the power plants.
11 Because if we do, we trigger conformity and we have got to
12 do the evaluation.

13 Comment 10. Another issue related to these
14 declarations that went back and forth. One of the things
15 that came up was ammonia emissions in the plants. Control
16 systems are being used that require ammonia and ammonia
17 comes out the stack. Ammonia can, in the atmosphere,
18 combine and form a particulate. And so the question came
19 up: How much secondary particulate PM-10s are we going to
20 get from the operation of the plants.

21 And the plant's expert on this actually got down
22 to calculating a number, 1.8 micrograms per cubic meter for
23 20 hours. This is an important number, because once we get
24 enough of a push, we have to look at mitigating. And so we
25 had that number and it was quoted in the final court order

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1 that the judge noted this number, and it was based on a very
2 low level of emissions of ammonia. The objective of that
3 declaration was to avoid getting a, basically, a shut down
4 on the plants because of these additional secondary
5 particulate emissions.

6 So to do that, the expert said: Well, we are not
7 going to look at what's required under the Clean Air Act,
8 which is you look at the potential to emit. If the court
9 has an emission limit of 10 ppm and when you do your
10 modeling and you look at 10 ppm, you don't say: Well, we
11 are just looking at one year, catalyst is fresh, so we're
12 going to assume it's only admitting 3 ppm. And we're going
13 to assume we are only going to operate the plant 60 percent
14 of the time or 70 percent of the time.

15 If you attempted to ration it down like that in a
16 U.S. air quality analysis, unless the plant is taking a
17 permanent condition which says we will not exceed 3 ppm, we
18 will not operate more than 70 percent of the time, it
19 wouldn't -- that approach wouldn't last five minutes. You
20 wouldn't do an analysis based on that.

21 You go to the Clean Air Act. It's explicit. If
22 your limit is 10 ppm, you run your analysis at 10 ppm. You
23 are not taking any restrictions in your operating hours, you
24 run it 8,750 hours a year. That's just background
25 information.

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1 Well, the good doctor runs the analysis. He
2 assumes 90 tons a year of ammonia and he comes up with this
3 number, approximately, 2 micrograms per cubic meter. The
4 magic number is 5. If you hit 5, you have to do something.
5 He comes up with 2. Well, no information is provided in the
6 DEIS how many tons we are assuming in terms of ammonia.

7 But when you look at the appendix, which tells you
8 what the emission limits are and what the potential to emit
9 is, it's approximately 500 tons. More than five times what
10 the doctor used to do his analysis.

11 What the document tells us is not to worry, de
12 minimus. The amount of secondary particulate we're going to
13 get from ammonia is de minimus. And that it's going to be
14 on the order of 1 microgram per cubic meter.

15 Well, this document is telling us that we are
16 going to be on the order of 1 with emissions that are five
17 times greater than what Doctor Heisler, under oath before
18 the court, said would be, approximately, 2 in June of 2003.

19 That's why I'm saying -- there's representatives
20 here from Argonne, the consultant -- but there is such a
21 disjunct between what the EIS is saying and what we know
22 from an under-oath declaration, that that has to be
23 addressed. If you simply say the model is different than
24 the one that was used a year ago, it's roughly the same.
25 And if you were just to extrapolate what it should be

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1 telling us, it should be telling us we're around 9 or 10
2 micrograms per cubic liter, not on the order of 1.

3 So this will be a major issue here, this Comment
4 10 on secondary PM-10.

5 Recommendations are: We have a major disjunct.
6 We have to get it sorted out as to what assumptions did the
7 modelers make and we need to see those assumptions and we
8 need to corroborate them. Why is there such a difference
9 between these two.

10 Comment 11: DEIS must define offsets as necessary
11 mitigation for PM-10 and NOx emissions and describe the
12 specific offsets that will be obtained.

13 Following on the earlier comment that just the
14 misapplication of the PSD regs is really what has led to
15 this concept that we have some kind of increment that if we
16 stay under we don't have to mitigation, which is a constant
17 theme between the EA and the draft EIS.

18 There is some good information provided in the EIS
19 of what offsets are available. There's a description of 23
20 miles of road paving in Imperial County, 650 tons. That's
21 nearly the tonnage of PM-10 that's coming from the two
22 facilities' export component. That's a good start.

23 Road paving, one attraction, this is just a
24 personal observation of the road paving end, especially if
25 any of it goes on on the Mexicali side, it's pretty easy to

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1 verify. You don't have to have a lot of administrative
2 references to go out and see if a road is paved and is
3 staying paved.

4 The document also notes, correctly: NOx and PM-10
5 mitigation opportunities in Mexico could also prove to be
6 beneficial and cost-effective. These might include road
7 paving, replacing older automobiles and buses, and
8 converting fuel used in brick kilns to natural gas.

9 I agree 100 percent. There's excellent
10 opportunities in Mexicali. Very cost-effective.

11 And, also, I want to point out that these plants
12 are competing in a power market in California. And it was a
13 surprise to learn last summer that these plants are actually
14 considered local California facilities. They are under the
15 control of the California Independent System operator.
16 Plants in Arizona and Nevada are not. These facilities are
17 considered local California plants. They compete with the
18 same power markets as other merchant plants that are built
19 in California.

20 One of those merchant plants that is about to
21 commence construction is the Otay Mesa near San Diego, which
22 is two miles north of the border. Otay is going to be
23 paying approximately \$30 million for PM-10 and NOx offsets.
24 Pretty innovative offsets, as well. Also interesting is the
25 dry-cool plant, and it is the standard of comparison for

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1 other plants that are competing in that market that are
2 located in this area.

3 Blythe II, the project I mentioned earlier, is
4 still in permitting, but the CEC, California Energy
5 Commission, staff is recommending that be a dry-cool plant.
6 And so it's important to put this in context, that the
7 plants that are competing with these plants are either
8 seriously looking at dry cooling or are dry cool and they
9 are paying a lot of money for offsets of their emissions.

10 Another issue that was dealt with earlier will be
11 dealt with some more, I think, is that DOE must include
12 impacts from power plants supplying the second circuits on
13 the Interger and Sempra plants in the cumulative impacts
14 analysis.

15 And, again, as the folks here know, the
16 transmission lines were built. Currently those transmission
17 lines are moving the power from, approximately, 600
18 megawatts of power production on each line. That's a single
19 circuit. They're double-circuit systems, so they can handle
20 double that amount of power. The analysis only looks at
21 that one circuit, presuming that the second circuit will
22 never been used, at least, it won't be used in a time period
23 that matters.

24 And the EIS relies solely on information, from
25 what I could see, that was provided by Sempra that says: We

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1 have no plans to construct a second plant anytime soon. And
2 I definitely challenge that information, because obviously
3 they have a strong financial interest in not indicating that
4 there would be a second plant built anytime soon, because
5 any additional emissions -- we double the emissions on that
6 line, then the pressure, in terms of emissions to mitigate
7 and offset, are going to be that much greater.

8 So I think it's useful that they have contributed
9 to you some information, but that's definitely not where the
10 analysis of cumulative impact stops in determining whether
11 there will or will not be a second plant using the second
12 circuit in the next ten years.

13 And I think the 10-year time period that the EIS
14 identifies is cumulative impact, foreseeable future, that's
15 fine. 10 years is fine. That's long enough.

16 The DEIS only cites three power products in that
17 cumulative impact analysis, saying that this is all we see
18 happening. One is Blythe, which I mentioned, the geothermal
19 project Salton Sea or Salton Sea No. 6 geothermal. And then
20 another project in Yuma, the Wellton-Mowhawk 600 megawatt
21 project.

22 According to the California Energy Commission,
23 both Blythe II and Salton Sea, the two California projects,
24 they are supposed to be on line in 2006. Two years. They
25 are -- the geothermal project is permitted, the Blythe

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1 project is in the final stages of being permitted.
2 Wellton-Mowhawk project was approved a year ago by the
3 Arizona Corporation Commission. It's expected to be on line
4 in 2006 or 2007, if it's built.

5 So the three projects that are identified in the
6 EIS are all U.S. projects and they are all, at least, slated
7 to be built in the next 2 to 3 years, leaving us 7 to 8
8 years of, apparently, no activity anywhere in the region
9 that could impact the cumulative impact analysis for this
10 project.

11 That's where this issue of Executive Order 11214
12 come in, but we're not looking at things going on
13 selectively in Mexico. Because, if you look at what's going
14 on in Mexico, there's more activity down there. The Mexico
15 Secretary of Energy at the invitation of the Secretary of
16 Energy, United States, Spencer Abraham, gave a presentation
17 in Washington on December 17th, I think, at the LNG
18 Ministerial Summit.

19 And he was there to underscore Mexico's dramatic
20 need for LNG and gas because of the huge power construction
21 boom that will be occurring in Baja, California over the
22 next ten years. He had specific numbers. 2055 megawatts of
23 additional power projects in Baja over the next 10 years.
24 That's a doubling of their power-generation capability,
25 including these plants that are exporting to the United

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1 States in 10 years.

2 In another venue I had a meeting with the Sempra
3 representative about a month-and-a-half ago where they
4 indicated that, we're talking LNG at that point, but they
5 were talking about: No, no, this is not for California.
6 Half of this LNG will be going to Baja when the plant starts
7 up in 2008. That's four years from now. And by the middle
8 of the next decade, all of it will be going to Baja,
9 California.

10 We are talking about volumes of gas, if half of it
11 goes to Baja, that's almost a tripling of gas use. And all
12 of it will be used in power plants, essentially.

13 So we've got the Secretary of Energy in Mexico
14 telling us: We're going to double our plant output in Baja,
15 California in 10 years. We've got Sempra telling us: We
16 are triple our gas sales to Baja in four years and we are
17 going to, by a factor of five or six, in 10 years. And we
18 know that virtually all this gas is going to power plants.

19 We have another document, that was actually
20 submitted earlier, where -- it's a CFE presentation a year
21 ago -- where they identified on their transmission expansion
22 plan, 2003 to 2007, Sempra's second 600-megawatt project
23 here in Mexicali by 2005. That's not going to occur. They
24 haven't done the permit yet, they haven't broken ground.

25 But, to me, that's a sufficient amount of evidence.

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1 to indicate we are going to get more projects and they are
2 going to be using those transmission lines.

3 So the point here is that all of that information
4 has been provided to the DOE as attachments to this document
5 and the analysis needs to include the second circuit being
6 utilized in the cumulative analysis.

7 And the final comment is: The EIS needs to
8 recommend permit conditions. The presidential permits need
9 to have environmental conditions in them. And the case
10 study for this is what happened with InterGen's EAX server
11 when we went through -- some of us were in the hearings that
12 we had last summer where the original EA assumed that this
13 turbine was equipped with an advanced NOx control system,
14 all the modeling assumed that it was equipped with advanced
15 NOx control system. The judge assumed it was equipped with
16 the system. We looked at all of this data about impacts, in
17 part, because it was presumed that the system was on there,
18 of the issue of shutting down the plant went in favor of the
19 plant. They weren't shut down.

20 And, by chance, it became apparent that the unit
21 wasn't equipped with an SCR. I know we talked about last
22 summer is: Wait a second. If Mexico has their own
23 authorities, Mexico inspectors are out there checking these
24 facilities, they are on top of it, there's no need to have
25 any conditions in these presidential permits, that's an

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1 issue for another party.

2 Well, obviously, that party didn't get the word.

3 And I think one of the issues here is that there's no
4 crosstalk of any kind between U.S. authorities and Mexican
5 authorities. The best I could tell, they weren't aware that
6 that was a requirement for that facility, a least to hear
7 them tell it.

8 So I think, as a result of that incident, which I
9 think was fairly embarrassing for Interger and everybody
10 involved, given that an SCR is a fairly big system and it's
11 hard to miss when it's up and running, that we need permit
12 conditions. We need permit conditions that include
13 monitoring and reporting that the facilities are actually
14 meeting their commitments and it needs enforcement.

15 And I have some suggested permit conditions here,
16 and I think that will be the extent of my comments. One is
17 that all of the PM-10 and NOx emissions from the facilities,
18 approximately, 700 tons of PM-10 and, approximately,
19 400 tons of NOx need to be offset in Imperial County and,
20 where appropriate, in Mexicali, as well.

21 That the DOE have a condition that must state
22 clearly that you will enjoin the use of the transmission
23 lines if the monitoring and reporting information reveals
24 that the facility is not meeting the commitments that they
25 made in the EIS, in the document. If they say there's going

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1 to be 4 ppm NOx, 4.5 ppm NOx and we are getting information
2 that's showing that the SCR is down and they are
3 operational, the transmission line is shut off until they
4 get it fixed.

5 Everyone on this side of the border is flying
6 completely blind. We have no idea if the SCR is
7 operational, if they are meeting -- if there is no reporting
8 going on, there is no data passing hands.

9 One of the frustrating issues that occurred with
10 this incident with the EAX turbine is, suddenly they got it
11 installed, and they are on line. I don't think the judge
12 was provided with the information that indicated that they
13 were meeting their emission limit. We sure weren't. It's
14 just they say it's in, they're on, we are good to go. We
15 are still completely blind. We don't know what level they
16 are operating at. So we need, especially with this
17 incident, to have conditions in there. It's a case study of
18 why you need good monitoring reporting and force issues with
19 a permit.

20 The water issue should be kept simple. Right now
21 the estimated use of water is 11,000 acre-feet a year. Cut
22 it by 90 percent. 1,100 acre-feet a year, split it
23 appropriately between the two terms. Use the water anytime
24 you want, but that's your limit. You have a water meter.
25 You exceed it, you are in violation, transmission line is

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1 shut down. Let them take care of the details of what system
2 to build.

3 And, finally, the issue of discharging high
4 salinity wastewater to the New River. Stop it. Prohibit
5 it. Install a system that takes care of that issue, and
6 that those are -- the hammer is, if it doesn't get done,
7 they are denied access to the transmission lines.

8 I would like to read just one other thing that
9 came out of the court order, which I think is an excellent
10 observation by the judge: Although defendants argue that
11 international sensitivities preclude conditioning the
12 permits from being a reasonable and feasible alternative,
13 such a discussion belongs to the EA's alternative analysis
14 rather than a litigation brief. Furthermore, the court is
15 unconvinced that the federal government's jurisdiction to
16 ameliorate negative environmental effects within the United
17 States necessarily offends international principles of law.
18 The condition would not be a direct regulation of Mexican
19 power plants; those plants could still choose to sell power
20 to the Mexican markets or transmit their power via an
21 alternate route rather than meet the condition.

22 Absolutely right. If the proponents have a
23 problem with reducing water usage, with offsetting air
24 quality impacts, with stopping direct discharge of brine to
25 the New River, they can choose to sell their power to the

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1 Mexican market or go another route. They do not have to do
2 this. And it is not imposing a burden on Mexico. It's
3 simply insuring that those plants are up to par on
4 environmental issues.

5 So that's it for my comments. I do have one more
6 observation, and that is that I am in the engineering
7 business and I do subscribe to a bunch of different
8 magazines, and I subscribe to Gas Turbine World. I can see
9 a couple people who must subscribe to it as well up here in
10 the audience, probably not most of you.

11 And there is an interesting comment. This is Gas
12 Turbine World, April/May 2004. This is the most recent
13 edition. It came out a couple months ago. This is kind of
14 a promo for -- that was put in by Semptra Energy. Last page.
15 Mexicali plant spurs surge in capacity. And just a few
16 paragraphs on the advantages of Mexico, starting about three
17 paragraphs in: Other plants stationed in Mexico sell power
18 primarily into the U.S. grid with gasping supply from
19 indigenous U.S. suppliers. Strong economic advantages for
20 the Mexican programs include availability of low-cost labor
21 and avoiding some of the stringent environmental rules for
22 new U.S. facilities. Another overriding factor is that
23 under Mexican regulations permitting for a new plant takes
24 only six to eight months compared to much longer periods,
25 usually twice that, to gain approval for U.S. projects.

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